



## MEMORANDUM

**TO:** Superintendents

**FROM:** Lance V. Rhodes, Chief Finance Officer

**DATE:** May 3, 2010

**SUBJECT:** Federal Funding Interest Earned and Reimbursement of Expenses

The Indiana Department of Education (IDOE) has participated in monitoring site visits by the United States Department of Education (USDOE), the federal Office of Management and Budget and the Office of the Inspector General, and the Indiana State Board of Accounts with respect to the American Recovery and Reinvestment Act (ARRA) of 2009. The site visits resulted in two audit exceptions for the agency, cash management and advancement of funds. IDOE has been informed that non-ARRA federal grants are subject to the same federal regulations and scrutinization.

The federal Cash Management and Investment Act (CMIA) require a grantee or subrecipient to report quarterly the interest earned on advanced funds, including ARRA grant funds. Effective July 1, 2010, IDOE will begin enforcing this federal act. To assist in the reporting of interest earned on federal funds, the IDOE has created two forms, one for the ARRA grant funds and one for all other federal grant funds. No later than May 14, 2010, the forms will be e-mailed to you and/or your designee. Forms are also available on IDOE's website at [www.doe.in.gov](http://www.doe.in.gov).

This form is to be electronically submitted quarterly as follows:

- Quarter 1: July 1, 2010 thru September 30, 2010 **(due October 5, 2010)**
- Quarter 2: October 1, 2010 thru December 31, 2010 **(due January 5, 2011)**
- Quarter 3: January 1, 2011 thru March 31, 2011 **(due April 5, 2011)**
- Quarter 4: April 1, 2011 thru June 30, 2011 **(due July 5, 2011)**

Additionally, the grantee or subrecipient may keep interest in amounts up to \$100.00 per year for administrative purposes. Interest earned over \$100.00 annually must be returned. For 2010-2011, return of interest earned will be done annually and is due to the IDOE no later than July 5, 2011. Completed forms are to be submitted to the e-mail listed on the bottom of the interest earned form. Checks are to be made out to the U.S. Department of Education and mailed to the address provided on the form. The IDOE will forward all checks to the USDOE.

Effective July 1, 2010, federal grants, including ARRA grants, will no longer be advanced but will be reimbursed based on actual expenditures. This change is based on the direction of the USDOE as cited by the federal Office of Management and Budget and the Office of the Inspector General. Based on this change the Cash Request Form will no longer be used. It will be replaced by a Reimbursement Form. No later than May 14, 2010, the forms will be e-mailed to you and/or designee. Forms are also available on IDOE's website at [www.doe.in.gov](http://www.doe.in.gov).

To assist with this transition, Reimbursement forms listing actual expenditures will be processed for payment two times per month, **due by the 1<sup>st</sup> and 15<sup>th</sup> of each month**. Completed Reimbursement forms must be electronically submitted to the designee listed on the bottom of the form. Forms received after the due dates will be processed in the next distribution cycle.

**July Submitted Cash Request** - For grantees or subrecipients which have already submitted a Cash Request for July, the first distribution will be for no more than 50% of the amount requested. The second request in July must be for actual expenditures not covered by the first July disbursement and must be submitted on the Reimbursement Form. All requests after July must be on the Reimbursement Form and only for actual expenditures.

**July Cash Request Not Submitted** - For grantees or subrecipients which have not submitted a Cash Request for July, the first distribution will be for no more than 50% the amount that would have been requested on the former Cash Request. The second request in July must be for actual expenditures not covered by the first July disbursement. Both requests must be submitted on the Reimbursement Form. All requests after July must be on the Reimbursement Form and only for actual expenditures.

The IDOE strives to make these transitions as seamless as possible for you and your staff.

Please contact the appropriate IDOE program staff regarding specific questions that you may have.

Federal Grant	Program Staff	E-mail
Title I	Teresa Neely	tneely@doe.in.gov
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